

## Message Text

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14-11

ACTION EUR-12

INFO OCT-01 ISO-00 SAJ-01 ACDA-05 FEA-01 SP-02 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

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E.O. 11652: N/A

TAGS: EGEN, EEWT, ENRG, GW, WB

SUBJECT: BERLIN ECONOMIC CONFERENCE DEVELOPMENTS

REF: USBER 2302

1. SUMMARY: TOP-LEVEL GOVERNMENT-BUSINESS CONFERENCE OF BERLIN ECONOMY JUNE 26 ATTENDED BY CHANCELLOR, DECIDED TO CREATE PRIVATE CENTER FOR EAST-WEST ECONOMIC COOPERATION WHICH, WHILE ENDORSED BY FRG AND BERLIN SENAT, IS TO BE UNOFFICIAL ORGANIZATION WITHOUT SUPPORT OF PUBLIC FUNDS. AS EXPECTED, CONFERENCE ALSO DECIDED ON A NUMBER OF MEASURES TO INCREASE RESEARCH AND DEVELOPMENT IN BERLIN, AND NOTED SUCCESS IN "BERLIN DELEGATES" MANAGEMENT OF LARGE WEST GERMAN ENTERPRISES TO PROMOTE INTERESTS OF BERLIN ECONOMY. END SUMMARY

2. FEDERAL CHANCELLOR SCHMIDT'S CHAIRMANSHIP OF THE SECOND BERLIN ECONOMIC CONFERENCE IN SIX MONTHS WAS CARRIED OUT MORE TO THE SATISFACTION OF BERLIN BUSINESS COMMUNITY THAN DECEMBER 16 CONFERENCE. THEN, SCHMIDT WITH EYE ON COMING ELECTIONS AND ENCOURAGED BY BERLIN SPD, USED CHAMBER

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OF COMMERCE PROPOSALS TO STAGE BRIEF HIGHLY PUBLICIZED

CONFERENCE TO DRAMATIZE BONN-SPD CONCERN FOR BERLIN. THEATRICALS OUTWEIGHED SUBSTANCE TO DISAPPOINTMENT OF MOVING FORCES IN CHAMBER OF COMMERCE AND INDUSTRY. IN PRESENT CONFERENCE POLITICS WERE SECONDARY AND CONFERENCE WAS WELL CONCEIVED EXPRESSION OF HIGHEST LEVEL FRG INTEREST IN CONTINUED ECONOMIC WELL-BEING OF CITY. CHANCELLOR WAS ABLE TO ANNOUNCE PROGRESS ON NUMBER OF INITIATIVES WHICH HAVE BEEN UNDER STUDY FOR PAST TWO YEARS. (CHANCELLOR NOTED INCIDENTALLY THAT BERLIN ECONOMY WAS IN BETTER SHAPE THAN THAT OF FRG, AND HAD PROVED TO HAVE EXCEPTIONAL RESISTANCE TO ADVERSITY.) SCHMIDT WAS ACCOMPANIED BY ECONOMICS MINISTER FRIEDRICHS AND DEVELOPMENT AND TECHNOLOGY MINISTER MATTHOEFER.

3. TOP BILLING WAS GIVEN DECISION TO ESTABLISH A CENTER FOR EAST-WEST ECONOMIC COOPERATION AS A PRIVATE INSTITUTION IN GMBH FORM. FOUNDERS OF CENTER WILL BE DEUTSCHE INDUSTRIE UND HANDELSTAG, BUNDESVERBAND DER DEUTSCHEN INDUSTRIE, BERLIN CHAMBER OF COMMERCE, AND BERLIN SALES PROMOTION OFFICE. FEDERAL GOVERNMENT AND SENAT ENDORSE FORMATION OF CENTER IN THIS FORM, BUT CHANCELLOR AND INDUSTRY REPRESENTATIVES AT PRESS CONFERENCE TOOK PAINS TO EMPHASIZE THAT IT WOULD BE STRICTLY PRIVATE ORGANIZATION WITHOUT FINANCIAL SUPPORT FROM SENAT OR FRG, AND ITS GOALS WERE STRICTLY COMMERCIAL. (MISSION INFORMED BY CHAMBER AND OTHER SOURCES THAT A GOOD BIT OF MANEUVERING TOOK PLACE TO PERSUADE SCHMIDT TO AVOID IMPLICATION OF FRG INITIATIVE THAT COULD LEAD TO SOVIET PROTESTS AND SCARE OFF EAST EUROPEAN COOPERATION.) CENTER WILL PROMOTE EAST-WEST ECONOMIC COOPERATION THROUGH ASSEMBLING AND DISTRIBUTION OF INFORMATION, EXCHANGE OF EXPERIENCE OF FIRMS ALREADY COOPERATING WITH EAST, ADVISING FIRMS INTERESTED IN E-W BUSINESS, AND BRINGING TOGETHER E-W PARTNERS. SERVICES INTENDED PRIMARILY FOR SMALL AND MIDDLE-SIZED FIRMS LOCATED IN WEST BERLIN AND ELSEWHERE. AN ADVISORY COUNCIL WILL BE COMPOSED OF REPRESENTATIVES FROM BOTH EAST AND WEST. CHANCELLOR SAID THERE HAD BEEN CONTACTS WITH EASTERN REPRESENTATIVES ABOUT POSSIBILITY OF EASTERN COOPERATION WITH CENTER, AND THAT RESULTS WERE POSITIVE; "GREEN LIGHT" HAD BEEN RECEIVED. IN RESPONSE TO QUESTION WHETHER CENTER WOULD BE CONSISTENT WITH QUADRIPARTITE AGREEMENT, CHANCELLOR SAID DEFINITELY YES. DETAILS OF LIMITED OFFICIAL USE

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ORGANIZATION OF CENTER WOULD BE WORKED OUT BY COMMITTEE FORMED BY FOUNDING BODIES NAMED ABOVE.

4. OTHER MEASURES TO PROMOTE BERLIN ECONOMY INCLUDE TRANSFER OF FURTHER FEDERAL ENERGY RESEARCH TO BERLIN, STEPPING UP OF RESEARCH ON INDUSTRIAL PRODUCTION TECHNIQUES (EXPERT GROUP APPEARS TO HAVE HAD DIFFICULTY GETTING GRIP ON HOW TO START THIS), AND RESEARCH ON CONSTRUCTION, PARTICULARLY ENERGY SAVING

IN CONSTRUCTION. AS FURTHER SUPPORT TO RESEARCH IN BERLIN, FRG WILL PUBLISH COMPILATION OF ALL BERLIN RESEARCH AND DEVELOPMENT INSTITUTIONS BY APRIL 1, 1976. CONFERENCE ENCOURAGED FRG FIRMS TO CONDUCT MORE OF THEIR RESEARCH IN BERLIN, AND FRG WILL GIVE FURTHER BERLIN PREFERENCES IN ITS RESEARCH CONTRACTS.

5. CONFERENCE NOTED THAT 36 MAJOR FRG FIRMS HAD NOW APPOINTED BERLIN REPRESENTATIVES OR DELEGATES AT THE BOARD LEVEL, WITH FUNCTION OF TRYING TO BRING BERLIN INTO THEIR COMPANIES' PLANS AND OPERATIONS AS MUCH AS POSSIBLE. FEDERAL MINISTER OF ECONOMICS WILL MEET WITH THIS GROUP IN BERLIN IN FALL 1975.

6. AT PRESS CONFERENCE, CHANCELLOR VIGOROUSLY REJECTED AGAIN IDEA HE ORIGINALLY TURNED ASIDE LAST DECEMBER FOR CREATING A BERLIN COORDINATING GROUP WITHIN CHANCELLERY CONSISTING OF REPRESENTATIVES OF MINISTRIES DEALING WITH BERLIN MATTERS. HE NOTED THIS WAS ONLY MAJOR PROPOSAL BY BERLIN CHAMBER OF COMMERCE WITH WHICH HE HAD BEEN UNABLE TO AGREE, AND THAT FROM BONN PERSPECTIVE IT WAS SIMPLY NOT PRACTICAL. SELIGMANN

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